



State Employee Benefits Committee
Spousal Coordination of Benefits Policy
November 13, 2017

PURPOSE AND INTENT

- Intention of this policy is to ensure fiscal responsibility for the Group Health Insurance Program fund where other employers are offering health care benefits to their employees and retirees.
- Requires spouses of active employees/pensioners who work full-time or collect a pension benefit to enroll in their employer/former employer's plan when spouse must contribute 50% or less of the premium of the lowest employee only health benefit plan
- Requires completion of the Spousal Coordination of Benefits form when spouses are initially enrolled in the State health plan, each year during Open Enrollment and any time the spouse's employment or health care coverage status changes to determine if the spouse will be covered as primary or secondary under the State plan based on their employment and health care coverage status.

**Medicare Pensioners have been exempt from the open enrollment certification requirement since 2011 policy revision noted on slide 4.*

POLICY CHANGES

Calendar Year 2018 Proposed Changes Include:

- Clarifications for situations that have been questioned
- Additions -
 - Not new practices
 - Changes to prevalence in health care marketplace of certain plan designs
- **Only one Addition is New Practice and Change to Policy**

EXAMPLES OF 50% CONTRIBUTION

EMPLOYER CONTRIBUTION TOWARD PREMIUM EXAMPLE	Health Plan Cost Employer A	Health Plan Cost Employer B	Health Plan Cost Employer C
Total Cost	\$1,000	\$1,000	\$1,000
Employer Contributes Toward Premium	\$500	\$900	\$450
Employee Contributes Toward Premium	\$500	\$100	\$550
Employer Contribution Percentage of Premium	50%	90%	45%
Employee Contribution Percentage of Premium	50%	10%	55%
Must Employee Enroll in Employer Coverage	YES	YES	NO

EXAMPLES OF 50% CASH IN LIEU OF BENEFITS

CASH IN LIEU OF BENEFITS EXAMPLE	First State Basic Plan		
Total Cost	\$695.36	\$695.36	\$695.36
Employer Provides Cash in Lieu of Benefits	\$500	\$347.68	\$250
Employer Contribution Percentage of First State Basic Plan	72%	50%	36%
Must Spouse Enroll in Marketplace Coverage	YES	YES	NO

POLICY CLARIFICATIONS

Calendar Year 2018 (Proposed):

- Add language to explicitly call out intention of the policy, when form must be completed and purpose of form to determine primary or secondary coverage status.
- Clarify determination of when spouse is NOT required to enroll
- Clarification on contribution by employer of *less than 50%* of the premium of the lowest employee only plan
- Clarification throughout that this policy refers to health care (not dental etc.)
- Clarification by definition of Participating Group Employee – page 6

POLICY ADDITIONS – Not New Practice

Calendar Year 2018 (Proposed):

- Add new language that a spouse whose employer only offers a high deductible health plan with a health savings account (HSA) must still comply with the policy and advise spouse of IRS ruling 2005-25 regarding enrollment in any other health plan and the impact on HSA contributions and taxation.
 - This is not a new policy and language and reference to this revenue ruling has been on our website since 2005 but is coming up more often due to propensity of HSA plans.
- Add language related to retired spouses enrolled in former employer's Medicare Advantage plan.
 - Medicare Advantage plans do not coordinate with Medicare Supplement plans
 - Spouse's enrolled in these plans are automatically terminated from the State's Medicare Part D plan by CMS
 - Spouse must enroll in their former employer's offer of Medicare Advantage Plan and cannot be enrolled in State Medicare supplement plan with or without prescription.

POLICY ADDITIONS –New Practice

Calendar Year 2018 (Proposed):

- Add new language for situation where spouse is retired from an employer other than the State and returns to active employment
 - Keep in mind the intention of the policy to ensure fiscal responsibility and not have the State be the primary payer when other coverage is available.
 - In general, spouse must enroll in active employment coverage if employer pays 50% or more of lowest active employee benefit plan
 - Spouse must also maintain health care coverage through former employer for the situations when the State employee retires or the spouse leaves full-time employment
 - The examples provided in the chart outline various scenarios when the spouse may not have to enroll in the full-time employer coverage post retirement.

POLICY EXAMPLES INTO SEPARATE CHART

Calendar Year 2018 (Proposed):

- Provide clarity to employee/pensioners in administration of policy by removing “Examples to Determine Enrollment in Spouse’s Employer’s Plan” from policy to separate chart:
 - Separate scenarios for:
 - Actively Employed Spouse
 - Non-Medicare Eligible Retired Spouses
 - Medicare Eligible Retired Spouses
 - Retired and Actively Employed Spouses
 - Expand on examples to show situations for where employee is required to obtain employer/former employer coverage and reverse situation where employee is not required to obtain employer/former employer coverage
 - Allow Statewide Benefits ability to update/modify examples continuously as different scenarios arise and warrant explanation.

POLICY CHANGES IN EXAMPLES

Calendar Year 2018 (Proposed):

- Partner, owner, part owner situation changed by adding word “any” to provide clarity to employee/pensioners that spousal COB policy applies when “any” employee in the company is offered health care benefits where company or partnership requires contribution from “any” employee of 50% or less for lowest employee only active plan
- Retired and Actively Employed examples are new
 - Only applies when spouse is not retired from the State
- Footnotes clarify
 - Military service coordination of benefits
 - Marketplace coverage referenced
 - Primary or secondary status which may vary based on the employment/retirement status of employee/spouse

CY2018 ADMINISTRATIVE ENHANCEMENTS IN PROGRESS

- Upgrades to the PHRST SCOB form to:
 - Improve the user experience
 - Direct employee/pensioner to additional questions/logic if spouse is retired
- Additional PHRST SCOB reporting to:
 - Allow SBO to identify employees who are non-compliant during open enrollment
 - Verify and audit information provided by employee/pensioner
- Apply upgrades to eCOB SCOB form and reporting
(eCOB is separate system/database for SCOB administration for State of Delaware pensioners and Participating Group employees/pensioners) as time permits prior to May 2018 open enrollment.

Next Steps

- Determination of effective date of policy to allow for communication of changes
- Vote on approval of changes at December 11, 2017 meeting